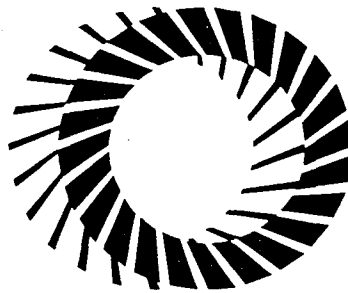


04 - 0238

# Workforce Development and Job Training Programs: Performance Management Recommendations



**Minnesota Job Skills Partnership Board**

February, 2003

## TABLE OF CONTENTS

Executive Summary .....	3
Section 1: Introduction and Background .....	6
Section 2: Approach and Methodology Used to Develop Recommended Measurements and Reporting Processes .....	8
Section 3: Measurement & Reporting Recommendations .....	12
Section 4: Implementation Recommendations .....	22
Appendix A: Recommended Categorization of Affected Programs .....	25
Appendix B: A Working Draft of Proposed Measures .....	28
Appendix C: Initial Definitions for Proposed Performance Measures .....	31
Appendix D: Sample Reporting Templates for Quarterly and Annual Performance Results.....	38
Appendix E: Implementation Scope of Work.....	40
Appendix F: Project Participation .....	45
Appendix G: Minnesota Statute 116L.04 and .05 .....	48
Appendix H: Proposed Federal Measures .....	50

## Executive Summary

Annually, Minnesota invests over \$300 million in workforce development and job training programs<sup>1</sup>. This money funds well over 100 programs. Program services are delivered by a complex network of state, county, municipal and community organizations. To better understand the results of our investments in workforce development and job training programs, Minnesota Statute 2002 116L.04 requires the Minnesota Job Skills Partnership Board (the Board) to develop and apply uniform performance standards for state funded programs.

While many workforce development and job training programs currently measure performance, there is little basis for comparing program results. The recommendations in this report describe a framework for comparing program results and thereby improving management of the overall portfolio of workforce development and job training programs.

Legislative language allowed creativity in recommending a system for measuring and reporting results. Additionally, many key stakeholders expressed interest in helping the Board. Collectively, these recommendations offer a system that allows policy makers and program managers to accomplish the following:

- Collect, analyze and share meaningful outcome-oriented results of program investments
- Compare results from similar programs as an important basis for prioritizing future investments
- Complement existing federal reporting requirements
- Minimize reporting burdens wherever possible and comply with statutory data reporting requirements (MS 116L.04)
- Manage implementation costs and risks through carefully staged phases accompanied by clear evaluations and thoughtful application of lessons learned
- Set the stage for aligning performance criteria with federally sponsored programs (WIA, TANF and others)

The Board began by reviewing existing and proposed reporting standards and performance measures used by Minnesota's workforce development and job training programs, other states and the federal government. After soliciting stakeholder input on proposed standards, the Board recommends the following five performance standards:<sup>2</sup>

- **#1: Employment Standard** – State funded programs must demonstrate that participation in the program results in gaining or maintaining employment; and gaining or maintaining employment with a Minnesota employer
- **#2: Job Quality Standard** – State funded programs must demonstrate that participation in the program results in quality employment in Minnesota that increases self-sufficiency
- **#3: Employee Retention Standard** – State funded programs must demonstrate that participation in the program results in retention of participants in employment in Minnesota
- **#4: Return on Investment (ROI) Standard** – State funded programs must demonstrate that participation in the program decreases government costs and increases taxable income
- **#5: Customer Satisfaction Standard** – State funded programs must demonstrate that participation in the program results in meeting user needs

The Board next identified the following three program categories:

- **Category A:** *Programs that help participants get jobs (preparing and placing)*
- **Category B:** *Programs that help employees maintain employment and/or get better jobs (retaining and advancing)*
- **Category C:** *Programs that help improve Minnesota's economic competitiveness (competing effectively in a global economy)*

The use of these program categories begins to establish a basis for appropriately comparing program results. Section 3 describes in more detail the Board's basis for recommending these program categories.

---

<sup>1</sup> This figure comes from the *Minnesota Inventory of Employment and Training Programs* which captured FY 1998 state and federal spending. It does not reflect the state appropriation received by the Minnesota State Colleges and Universities, nor does it include appropriations for the University of Minnesota, which was not included in the inventory. Workforce Services Branch, Minnesota Department of Economic Security, published in January 31, 2000.

<sup>2</sup> The Board initially identified and approved a sixth performance standard, productivity increases, but eliminated this standard after considerable efforts to determine appropriate measures yielded no workable solutions.

Minnesota Job Skills Partnership Board:  
 Performance Measurement and Reporting System Recommendations

After identifying program categories, the Board developed initial measures for each standard and program category. Proposed measures seek to ascertain placement rates, retention rates, financial self-sufficiency, educational attainment, costs and returns on invested government dollars. The Board's proposed measures for each performance standard and program category are contained in Appendix B. These measures are merely a starting point for more extensive discussion with affected stakeholders during implementation.

The Board recommends periodic program reporting and annual reviews. Depending on the need, consistent periodic reporting facilitates timely decision-making within programs. Annual reviews will help determine both the relative value of programs as well as the measurement framework. Reporting and review recommendations are designed to allow opportunities to review goal attainment and sharpen the visibility and scope of business improvement efforts.

The Board's long-term vision for a performance measurement and reporting system encompasses results reported by all programs in Minnesota's workforce development and job training program portfolio. However, in the shorter term, the Board recommends beginning with a sub-set of programs for several reasons. This subset of the portfolio includes the following programs:

Program Name	Agency	Program Name	Agency
• Displaced Homemaker Program	DES	• Dislocated Worker Program (State)	DTED
• Extended Employment Program – Basic Funding	DES	• Distance Work Program	DTED
• Extended Employment Program – Coordinated Employability Projects	DES	• HIRE Education Loan Program	DTED
• Extended Employment Program – MN Employment Center for People who are deaf or hard of hearing	DES	• Health Care & Human Services Worker Training and Retention Program	DTED
• Minnesota Opportunities Industrialization Centers Program	DES	• Partnership Program	DTED
• State Services for the Blind – Workforce Development Services & Business Enterprises Program	DES	• Pathways Program	DTED
• Vocational Rehabilitation Program – Rehabilitation Services at WorkForce Centers	DES	• Training for Low Income Workers Voucher Program	DTED
• Apprenticeship Training Program	DOLI	• Twin Cities RISE!	DTED
• LEAP Apprenticeship Program	DOLI	• Women Venture Non-traditional Employment program	DTED
• Career Refugee Program (Lifetrack)	DTED	• Vocational Rehabilitation and Counseling Program	VA (MN)

Beginning with a portfolio subset provides the following advantages:

- The many legislative committees with program expertise in this policy area will have opportunities to review and provide input into the proposed measures and reporting framework. This results in better quality measures and more support and momentum for implementation.
- The State can enhance efforts to measure performance through pilot testing. Many programs receive funds from the federal government through the Temporary Aid to Needy Families (TANF) and Workforce Investment Act (WIA). These programs already report specific performance results to the federal government. This effort is not intended to add measures capriciously. The right measures will complement federal reporting requirements, provide timely insight into more local management issues and establish a basis for comparative analysis of programs. This reporting framework is scalable. Starting small and perfecting the measures before increasing the measurement program mitigates risk. This approach also allows some programs to strengthen their performance measurement skills.
- The State can take advantage of opportunities to coordinate measures with other measurement projects already underway. For example, the Governor's Workforce Development Council is currently developing measures for

credentialing WorkForce Centers. Coordinated measurement efforts reduce duplication and high reporting costs. Working together, the state can develop and use one set of well tested measures that provide the management information needed by all to compare program results and make sound investment decisions. In the interim, starting with a subset of programs provides a means of testing the measures and reporting framework while managing costs and risks.

The State's ability to invest soundly is especially critical during the next years as the Governor and Legislature tackle budget deficits. Policy makers will need more than anecdotal evidence about program efficacy, especially in a tough economy where workforce development and job training services are all the more needed. Systematic results are critical for continuously improving services – learning how to work more effectively and efficiently despite constrained resources.

The Board envisions building carefully towards a system that is perceived as valuable by all stakeholders. Recommendations in this report depict an ideal performance measurement and reporting system from the Board's perspective. While these recommendations start down the path towards a better understanding of the relative successes of workforce development and job training programs, there is much work to be done.

Successful implementation will require true partnership with the diverse set of stakeholders affected by the proposed measurement system. It is only through trusting partnerships that the ultimate vision for performance measurement described in this report can become a reality.

## ***Section 1: Introduction and Background***

Minnesota has always emphasized the importance of a highly skilled, diverse workforce. The collective culture emphasizes that work is dignified and that productivity is both an economic and moral contribution to our collective well-being. The State's approach to designing and implementing workforce development and job training programs is marked by this history and culture – programs are aimed at getting people into meaningful work as quickly as possible. As a result, Minnesota is often viewed as a trail blazer in recasting workforce development efforts into a key economic development strategy.

Another result of Minnesota's historically progressive approach to governance is a number of workforce development and job training programs. While these programs share a common objective – a competitive economy through high skill levels and participation rates – individual programs employ vastly differing means to attain shared end goals. Through this portfolio of programs, the State serves diverse populations in diverse communities.

Some programs in the portfolio help individuals acquire basic hard and soft skills needed to begin working. Other programs help individuals find and keep jobs. Yet others work to help individuals define and follow personal career paths towards greater economic self-sufficiency and security.

The range of strategies underpinning Minnesota's current workforce development and job training program portfolio doesn't end there. Another cadre of programs establishes partnerships among not-for-profits, educational and business entities, fostering collaborations designed to strengthen the State's workforce.

The diversity of programs in the State's portfolio accommodates testing the efficacy of various strategies all designed to accomplish very similar ends – helping people find work and contribute to the economy. And, much like any investment portfolio, those footing the bill for services deserve to know how dollars invested in developing the workforce have paid off. Historical emphasis on innovation and Minnesotans' pride in craftsmanship require periodic assessment of results to determine the best ways to keep improving.

The current fiscal crisis adds urgency to ensuring that dollars invested in workforce development and job training produce the results envisioned. Doing more with less requires credible performance information, in addition to an innovative spirit and a value for continuously improving all that we undertake. This is clearly the time to complete the task of reviewing Minnesota's portfolio of workforce development and job training programs, and to develop the state's investment strategy for the next several years.

During the 2001 session, the Minnesota State Legislature enacted a bill directing the Minnesota Jobs Skills Partnership Board (the Board) to develop performance standards for all workforce development and job training programs receiving state funding.

Other specifications in Minnesota Statutes 2002, 116L.04 and .05 include asking the Board to:

- Consult with stakeholders in the determination of both performance standards and reporting requirements
- Collect the following performance results from programs, at a minimum:
  - employability levels prior to, and after, program participation
  - barriers to employment
  - work experience prior to program participation
  - program participation and completion rates
  - job placement and retention rates
  - income changes after program participation and placement
  - participant satisfaction levels with services
  - governmental costs per program participant
- Review annual reports with performance information submitted by program every year by January 15, 2002
- Submit, by January 15 of odd numbered years, work force development and job training program investment recommendations

The Board began implementing the statute early in calendar year 2002, when the legislation became law. The Board developed and published proposed performance standards. These standards were intentionally broad, allowing

opportunity to work together with stakeholders on refining the standards in efforts to balance the needs for relevant results information with the additional administrative workload accompanying data collection and reporting.

After reviewing stakeholders' comments, the Board endorses the following five standards:

- **#1: Employment Standard** – State funded programs must demonstrate that participation in the program results in gaining or maintaining employment; and gaining or maintaining employment with a Minnesota employer
- **#2: Job Quality Standard** – State funded programs must demonstrate that participation in the program results in quality employment in Minnesota that increases self-sufficiency
- **#3: Employee Retention Standard** – State funded programs must demonstrate that participation in the program results in retention of participants in employment in Minnesota
- **#4: Return on Investment (ROI) Standard** – State funded programs must demonstrate that participation in the program decreases government costs and increases taxable income
- **#5: Customer Satisfaction Standard** – State funded programs must demonstrate that participation in the program results in meeting user needs

The Board believes these standards describe a clear and comprehensive picture of success for all workforce development and job training programs. This picture of success is the foundation upon which the Board has worked with a consultant, agency program specialists and other stakeholders to identify proposed measures and reporting recommendations described in the remainder of this document.

This report offers the Board's recommendations for building a comprehensive performance measurement and reporting system for state-funded workforce development and job training programs in Minnesota. The Board believes that it is possible, and indeed necessary, to build a system that yields valid and verifiable performance results, which can then be used in making decisions about the state's workforce development and job training program investments. The Board's intent is to recommend a framework that helps policy makers across the workforce development and job training community review and analyze results that are meaningful to advocating for, and ultimately making, effective policy decisions.

Section 2 of this report describes the Board's approach to recommending performance measurement and reporting processes. Section 3 presents the Board's recommendations for a measurement program, while Section 4 provides a proposed roadmap for implementing a performance reporting and management system.

## ***Section 2: Approach and Methodology Used to Develop Recommended Measurements and Reporting Processes***

### **Project Purpose, Outcomes and Critical Success Factors**

When the Board embarked on efforts to recommend a performance measurement and reporting system in accordance with MS 116L-04, a Committee or working group comprised of Board members took on the challenge of working through the day-to-day issues. The Committee, aided by a consultant, Department of Trade and Economic Development (DTED) and Governor's Workforce Development Council (GWDC) staff, identified the following purposes for a workforce development and job training performance measurement and reporting system:

- Establishing a common understanding of job training and workforce development program success
- Establishing a fair basis for making program comparisons and determining sound investment strategies
- Establishing agreement about the performance information needed to gauge investment success in job training and workforce development programs
- Helping all stakeholders understand the processes, responsibilities and benefits of reporting performance results
- Helping all stakeholders understand the infrastructure (resources, processes, etc.) needed to capture and report performance
- Helping service delivery staff work more effectively with data to evaluate success and share investment results with the Legislature and other stakeholders

The Committee also identified outcomes for a performance measurement and reporting systems. Desired outcomes include the following:

- Improving the likelihood that job training and workforce development investments deliver intended results
- Improving the skills and abilities of Minnesota's workforce
- Contributing to Minnesota's economic growth

In addition to the above purposes and outcomes, the Committee established the following critical success factors for the newly recommended performance measurement and reporting system. If we do this right:

- The measures and reporting processes proposed by the Board would be viewed as valuable by everyone associated with the effort – the Board strives for broad acceptance
- The Board will have leveraged what has already been created – reinventing the wheel is not the intent
- The Board will not have imposed additional burdens on those already responsible for running programs and implementing grant-based initiatives
- The resulting performance information will be credible enough for decision-making about aggregate program investment levels.
- The biennial report mandated by the legislation will become the definitive information source about what works and what doesn't in the realm of workforce development and job training programs
- The Board will have found streamlining opportunities along the way, helping minimize reporting burdens, and freeing up time and resources
- All the feedback solicited will be used because everyone's time and perspectives are valuable
- The facts will tell the story – recommendations will be simple, straightforward and based on the numbers
- The Board will have found tools that make reporting as simple as possible (using electronic media wherever possible)
- We will all have increased access to performance-based information about all workforce development and job training programs - and stakeholders will be able to more easily navigate and make sense of the many programs and services designed to improve Minnesota's workforce.

### **Philosophical Approach**

Designing a recommended performance measurement and reporting system is not easy. Measuring performance is by no means a novel concept – public and private sector organization have been using performance measurement to improve results for several decades now. But even with our growing experiences, managing towards a set of quantifiably explicit results remains more art than science. While many agree that performance measurement holds



great promise for clarifying accountability and better understanding the true costs of services, horror stories abound. If measuring results was easy, we would all have done so long ago.

Despite the challenges, past performance measurement efforts have yielded important observations and discoveries. Getting better over time requires identification of lessons learned from experience. It is with these lessons learned, sometimes through painful experiences, that the Board began its task of recommending a performance measurement and reporting system.

Five lessons learned from observations of successful and failed performance measurement endeavors form the philosophical bedrock of this effort.

- ***Lesson 1: Others' efforts with performance measures strongly indicate that introducing performance measurement into a punitive context ensures its failure.***

The following explain the primary reasons for this:

- A handful of facts seldom tell the whole story
- Most of us are naturally afraid to fail
- If we believe that facts will be used to punish us, we are unlikely to pass along valid and verifiable data
- If performance measures are collected for the sole purpose of reporting and never used in management, those who collect and report performance will perceive measurement as punitive.

Therefore, the more successful performance management systems are predicated on continuously improving program results and emphasize that performance measurement is not solely a reporting function – the data must prove useful in managing programs and service delivery. Valid and verifiable data in programmatic decision making is central to the improved delivery of public services – especially in tough economic times. Without trust between stakeholders, performance data is likely to be unreliable.

- ***Lesson 2: Measuring performance requires meaningful data about progress towards specific results.***

Effective systems require identifying, collecting, aggregating and reporting performance information most relevant to gauging progress towards very specific results. Too often, performance measurements systems are based on outputs, mostly because they are generally already measured. Tempting as it is, using what we've always collected rather than figuring out what we need to collect puts us right back at square one.

- ***Lesson 3: Performance measurement efforts in the public sector have chronically underestimated the criticality of discussion and agreement among stakeholders about program outcomes.***

Clearly, identifying outputs is often easier than forging agreement among diverse stakeholders about desired program outcomes. Effectively measuring performance requires clearly articulated program results – or outcomes. Without clearly articulated program outcomes, it is impossible to know what information is needed to assess progress. At the heart of desired outcomes are values and beliefs. Without agreement on values and beliefs, defining and agreeing on specific outcomes is especially difficult.

- ***Lesson 4: Using a functional basis for measuring program results allows program portfolio analyses previously not possible.***

The portfolio of programs providing workforce development and job training services are all very different in important ways for very important reasons. Still, in managing a portfolio, we must be able to begin comparing program results as a basis for making sound investment decisions. Looking at program services from a functional perspective (what the program does) allows us to begin comparing program results without unfairly biasing programs.

For example, some workforce development programs exist to help place people in jobs. Placement programs for harder-to-serve populations or in more economically disadvantaged communities should not be penalized for working to accomplish difficult results. All placement programs should be compared, and those with excellent results should be analyzed to understand which, if any, practices can be more broadly applied to improve similar programs. Thus, a functional perspective on categorizing programs facilitates continuous process improvement.

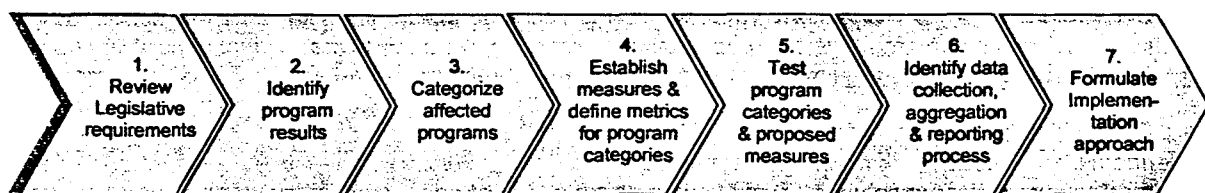
- ***Lesson 5: Ignoring the impacts on organizational culture and people accompanying the introduction of performance measurement poses critical risks to the whole venture.***

Introducing performance measurement changes cultures, as do most significant business changes. While external stakeholders like the increased accountabilities associated with introducing performance measurement, they too often

ignore the possibility that desires for more accountability can signify low trust levels. Effectively introducing performance measurement systems requires communications that instill the advantages for all stakeholders. First, strong leadership is needed to communicate why change is occurring as well as the impact of proposed changes on everyone affected. Leaders also need to learn how to use new data in decision making about how best to achieve specified performance results. Second, staff needs to understand and be prepared to handle the logistics of collecting, aggregating and reporting performance results.

The Board's approach to recommending a performance measurement and reporting system has been shaped by the above observations and lessons – understanding these five lessons have been instrumental in helping us structure an approach and recommend results that address the purpose and deliver the outcomes described at the beginning of this section.

The Committee undertook the following activities to develop a recommended performance measurement and reporting system, which was then discussed and approved by the entire MJSP Board on January 9, 2002.



- Activity 1 – Understand legislative requirements
- Activity 2 – Identify desired program results (development of broad standards)
- Activity 3 – Categorize and identify affected programs
- Activity 4 – Establish measures and define metrics for each program category
- Activity 5 – Test program categories and proposed measures with agency program staff
- Activity 6 – Identify recommended data collection, aggregation and reporting processes
- Activity 7 - Formulate recommendations for rolling out the performance measurement and reporting system

Each activity is described in more detail below.

- **Activity 1 – Understand system requirements**

The Committee reviewed the legislation, public comments offered in response to the published, proposed standards, other feedback from stakeholders including legislative personnel and agency program personnel, and documented the requirements for a performance measurement and reporting system.

- **Activity 2 – Identify desired program results (development of broad standards)**

DTED staff assigned to support the Board's efforts in developing a performance management system worked with the Board to identify broad standards in early 2002. In accordance with the legislation, these proposed standards were published in the Minnesota State Register in March 2002. Stakeholder feedback was collected and analyzed. Stakeholders met with the Board during their May 2002 meeting and provided oral comments. Board members used this analysis to recommend six performance standards initially. The six standards, approved by the entire Board in mid-2002, were reduced to five standards after the Committee determined that productivity analysis is not yet sufficiently sophisticated to yield valuable measures of aggregate and/or comparable program performance.

- **Activity 3 – Categorize and identify affected programs**

Best practices indicate organizations considering performance measurement and reporting systems are well advised to start small. This increases the probability of success while managing both implementation costs and risks.

Reviewing the Minnesota Inventory of Employment and Training Programs (the Gunther Report) and other program inventories indicates that Minnesota state government funds in excess of 110 programs aimed at workforce development and job training.<sup>3</sup> Given the large number of potentially affected programs, the Committee applied the

---

<sup>3</sup> *Minnesota Inventory of Employment and Training Programs*. Workforce Services Branch, Minnesota Department of Economic Security, January 31, 2000.

following four criteria as a means of starting with a manageable number of programs in the first round of programs measuring and reporting their performance results:

- Programs targeted at adults<sup>4</sup>
- Programs receiving State General Fund and/or Workforce Development Funds
- Programs under the legislative jurisdiction of House and Senate workforce development finance committees<sup>5</sup>
- Programs aimed primarily at workforce development and job training<sup>6</sup>

Applying these criteria allowed the Board to identify a manageable number of programs with which to start measuring and reporting performance. Program representatives reviewed the criteria and the proposed list of affected programs.

Initially limiting the number of affected programs is a critical means of both managing risk and containing costs. Once the recommended measures demonstrate value in managing the State's portfolio of workforce development and job training programs, the Board recommends expanding the number of affected programs. This and other recommendations are discussed in more detail in Section 3.

Following preliminary identification of affected programs, the Committee developed program categories. Program categories allow fairer comparison of program results. The Board's program categorization schema was presented to agency program staff. Feedback from program staff was instrumental in finalizing the program classifications schema.

- **Activity 4 – Establish measures and define measurement data needs for each program category**

Once program categories were defined, measures were identified for relevant standards in each program category. The Committee also took into account the information requests specifically stipulated in legislation – both federal and state reporting requirements. Once measures were established for program categories, measurement data needs were identified. The Committee reviewed measures already collected for the purpose of keeping data collection and reporting burdens manageable for programs, already coping with resource constraints.

- **Activity 5 – Test program categories and proposed measures with agency program staff**

The Committee, cognizant of its need to remain independent, assembled a team of DTED and GWDC staff to review and provide feedback on interim work products. Advisors (program policy experts and stakeholders) met and reviewed the list of affected programs, the proposed program categorization schema, and the proposed performance measures. These meetings were both informal and open to help ensure candid feedback. A list of attendees and their sponsoring programs can be found in Appendix E.

- **Activity 6 – Identify recommended data collection, aggregation and reporting processes**

Proposed measures and related data requirements were compared with existing program measures, to the extent that information was available during December, 2002. Gaps became the basis for formulating the data collection and reporting processes recommended in this report. The Committee also looked for effective practices to replicate through the recommendation process. Recommendations for collecting, aggregating and reporting performance data can be found in Section 3.

- **Activity 7 - Formulate recommendations for rolling out the performance measurement and reporting system**

Once recommended measures and reporting requirements and processes were identified, the Committee identified major implementation considerations, including the general resources and timeframes needed to establish initial performance measurement and reporting processes. Implementation efforts are described in Section 4.

---

<sup>4</sup> MSS 116L.04 requires that, at a minimum, programs serving adults should begin reporting performance results.

<sup>5</sup> Because legislative sponsorship for MSS 116L.04 originated in these two committees, the Board applied this as a limiting factor to contain risks associated with implementing a new performance measurement and reporting system. Applying this criterion limits the affected agencies to: Department of Trade and Economic Development, Department of Economic Security, Department of Labor and Industry, Housing Finance Agency, Minnesota Historical Society, Department of Commerce, Iron Range Rehabilitation Resource Agency, Military Affairs, Veterans Affairs.

<sup>6</sup> MS 116L.04 contains no definition of either "program" or "workforce development and job training." Although the *Minnesota Inventory of Employment and Training Programs* cites programs like Unemployment Insurance (income support), the decision to manage risks by starting small resulted in eliminating programs not directly created for the purpose of workforce development and job training. For example, although healthcare access and unemployment insurance programs may facilitate clients' eventual achievement of workforce development goals, these programs were not created primarily as a means of developing the workforce and/or providing job training.

### ***Section 3: Measurement & Reporting Recommendations***

This Section presents recommendations offered by the Board to the Legislature for consideration. Recommendations contained in this section were the result of deliberations among the Board's Committee assigned to this effort, as well as stakeholders – primarily agency program staff who graciously offered their time and interest, and brought with them a true passion for doing this right.

Recommendations in this section do not address implementation issues – implementation recommendations are discussed in Section 4 and in Appendix D. Section 3 describes a “system” for measuring and reporting performance in a manner that yields useful information for the management of the State's workforce development and job training portfolio of programs.

The experiences of many organizations with performance measurement indicate that the State is well-advised to start small and grow the project. Experience also leads the Board to conclude that implementing a performance management system requires patience and iteration – we won't get it right the first time. Still, the Board also believes that the investments required in building and sustaining performance measurement and reporting systems is worthwhile, given that the State of Minnesota invests approximately \$300 million from the Federal Government and Minnesota taxpayers on workforce development and job training every year.<sup>7</sup>

Collectively, we are responsible for making sound investments with taxpayer dollars. Taking the time and effort required to improve the basis for determining the results of spending millions of dollars every year is the right thing to do.

**The recommendations for a performance measurement and reporting system are organized into several subsections, including the following:**

- A. Recommended Programs for Performance Measurement and Reporting
- B. Recommended Program Categories
- C. Recommended Approach to Developing Measures
- D. Recommended Performance Results Reporting Framework
- E. Recommended Reporting Roles and Responsibilities
- F. Recommended Reporting Cycle Times and Reporting Formats
- G. Recommended Reporting Process for Year One following Implementation of a Performance Measurement and Reporting System
- H. Recommended Performance Measurement and Reporting System Processes for Subsequent Years
- I. Recommended Changes for Accessing Performance Information

---

<sup>7</sup> This figure comes from the *Minnesota Inventory of Employment and Training Programs* which captured FY 1998 state and federal spending. It does not reflect the state appropriation received by the Minnesota State Colleges and Universities, nor does it include appropriations for the University of Minnesota, which was not included in the inventory. Workforce Services Branch, Minnesota Department of Economic Security, published in January 31, 2000.

**Sub-section A. Recommended Programs for Performance Measurement and Reporting:**

Minnesota has many programs designed to develop the workforce and provide job training, and Minnesota State Statute 116L.04 does not specify which programs are required to report performance other than that they are "state funded." Experience demonstrates clearly that successful performance measurement programs start small and grow once useful measures have been identified and tested in actual management decision making.

Keeping the number of affected programs to a manageable handful enables quicker identification of unworkable measures. This is important because collecting, analyzing and reporting performance requires considerable resource investments. Thus, the Board recommends starting with a small set of programs. This allows us to increase the likelihood of more quickly identifying valuable measures and managing associated costs and risks.

As described in Section 2, the Board assigned a Committee, supported by an external consultant, and DTED and GWDC staff, with the task of recommending programs within Minnesota's portfolio of workforce development and job training programs for initial participation in the performance measurement and reporting system.

The Board, at the time it approved six broad performance standards, identified criteria for application to Minnesota's more than 100 workforce development and job training programs. The Committee applied the participation criteria, thereby identifying a manageable number of affected programs for initial implementation of recommended measures.

The Board recommends that the following programs participate in the performance measurement and reporting system described in this report:

<b>Program Name</b>	<b>Agency</b>	<b>Program Name</b>	<b>Agency</b>
• Displaced Homemaker Program	DES	• Dislocated Worker Program (State)	DTED
• Extended Employment Program – Basic Funding	DES	• Distance Work Program	DTED
• Extended Employment Program – Coordinated Employability Projects	DES	• HIRE Education Loan Program	DTED
• Extended Employment Program – MN Employment Center for People who are deaf or hard of hearing	DES	• Health Care & Human Services Worker Training and Retention Program	DTED
• Minnesota Opportunities Industrialization Centers Program	DES	• Partnership Program	DTED
• State Services for the Blind – Workforce Development Services & Business Enterprises Program	DES	• Pathways Program	DTED
• Vocational Rehabilitation Program – Rehabilitation Services at WorkForce Centers	DES	• Training for Low Income Workers Voucher Program	DTED
• Apprenticeship Training Program	DOLI	• Twin Cities RISE!	DTED
• LEAP Apprenticeship Program	DOLI	• Women Venture Non-traditional Employment program	DTED
• Career Refugee Program (Lifetrack)	DTED	• Vocational Rehabilitation and Counseling Program	VA (MN)

The Board's ultimate vision for an effective performance measurement and reporting system entails obtaining and conducting comparative analysis of the results for Minnesota's full portfolio of state funded workforce development and job training programs. Perspective on the entire enterprise is ultimately necessary to determine the elements of an effective program portfolio. However, in the short term, simply getting started is imperative. The Board believes that beginning with a sub-set of programs is a sensible way to start building towards a larger vision for managing in a more results oriented manner.

## Sub-section B. Recommended Program Categories:

One of the many opportunities created by MSS 116L.04 is the ability to extend current comparison of program results to all identified program categories. It will now be possible to analyze the relative effectiveness of different programs using different means or service delivery strategies to attain the same ends. Such program comparisons are especially critical when resources are extremely constrained. Perhaps more than ever, we will need focus on identifying and investing in those programs that produce the best results.

No two programs are alike. Ignoring legitimate reasons for creating diverse workforce development and job training programs by applying undifferentiated performance measurement and reporting requirements puts us no further ahead in our analytical efforts to determine which programs are most successful and therefore merit further investment. Workforce development and job training programs in Minnesota serve many different populations within many different economic contexts. We cannot expect that programs working with harder-to-serve populations in rural areas can achieve the same results as programs serving general populations in urban areas, where educational opportunities and jobs are more easily accessed. Comparing programs in this manner does not contribute meaningfully to our quest to understand what works and what doesn't, and/or make investment decisions that most effectively develop Minnesota's workforce.

However, this performance measurement and reporting system presents an opportunity to explore how well various program service delivery strategies work. For example, we can begin comparing the retention results of programs offering various types of post-employment follow-up services. The right categorization schematic allows assessment of relative benefits and costs without losing consideration for variables outside our control, like population demographics and general economic conditions.

Balancing the need for program comparability without neglecting why we need a diverse program portfolio resulted in identification of the following three program categories:

- **Category A:** *Programs that help participants get jobs (preparing and placing)*
- **Category B:** *Programs that help employees maintain employment and/or get better jobs (retaining and advancing)*
- **Category C:** *Programs that help improve Minnesota's economic competitiveness (competing effectively in a global economy)*

Analysis indicates that many programs belong in more than one category. For example, many programs that seek to help participants become employed also provide services that help their customers stay employed. Thus, their primary program purposes are to help participants find and keep jobs. The Board recommends that programs belonging in more than category report on all measures associated with each category to which they belong. This will provide policy makers with a more accurate picture of what each program aims to accomplish, as well as a better understanding of the breadth of services required to deliver intended program results.

The Board recommends using these program categories to begin determining specific reporting responsibilities for each program. Program categories ascribe a primary purpose and associated expectations for program results while accounting for legitimate program service variations.

Appendix A contains the Board's recommendations for categorizing programs recommended for participation.

### **Sub-section C. Recommended Performance Measures:**

The Committee reviewed measures currently used by workforce development and job training programs in Minnesota. Efforts in other states were also reviewed, as were the new federal performance measures currently under development by an OMB led coalition of executive agencies (see Appendix H).

Balancing the need for comprehensive measurement with the desire to meet legislative requirement for information and minimize reporting burdens poses great challenges. Most critical to striking this balance will be extensive discussion with affected stakeholders. Without stakeholder buy-in, performance measurement remains an exercise in reporting and misses significant opportunity to derive the kind of management information that leads to better investment decisions.

A working draft of proposed measures – a starting point for more extensive stakeholder dialog during implementation, and definitions of proposed measurement terms and phrases are in Appendices B and C.

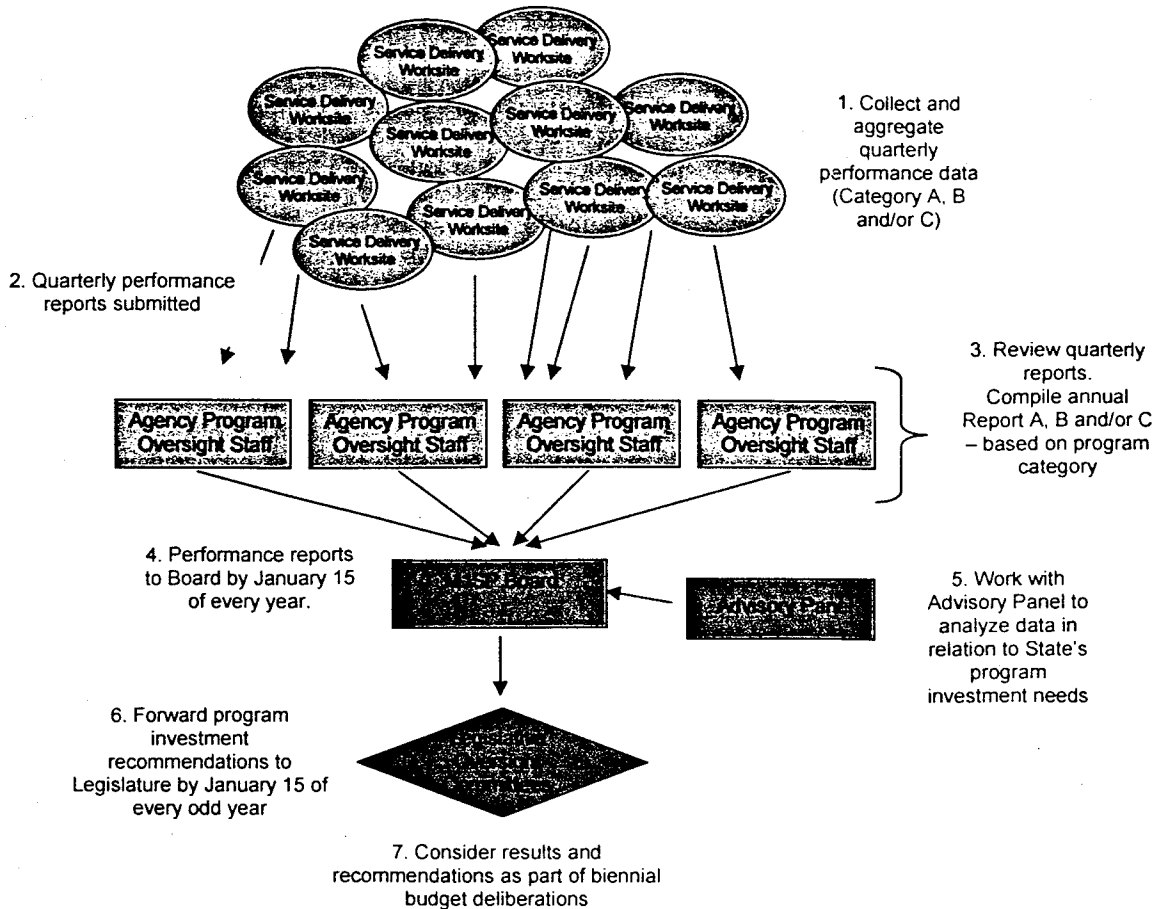
Once finalized, each measure will require clear definition of both the terms used and the formulas needed to aggregate results. We know from experience that the quality of data definitions and aggregation formulas profoundly influence reported program results. Inconsistencies can render reported results utterly meaningless and completely compromise the ability to compare programs.

Workforce development and job training programs in Minnesota are operated in a highly decentralized manner. For this reason, much consideration will be needed to define terms and measure formulas precisely enough. Stakeholders will need to thoroughly understand data collection, aggregation and reporting expectations in order for the system to produce data that allows comparative analysis.

As stated earlier, Appendix B and C present initial efforts at identifying legislatively compliant and useful management information. This preliminary work is intended to serve as a starting point for more detailed and consensus based implementation efforts conducted in consort with key stakeholders.

### Sub-set D. Recommended Performance Results Reporting Framework:

The following graphic depicts the Board's recommended framework for performance measurement and reporting. Narratives containing greater detail about cycle time, roles and responsibilities, report formats and reporting processes are provided below:



The Board is aware that agencies currently capture and report performance data as a result of state and/or federal requirements. While a significant portion of currently collected data comes from centralized, usually automated, locations, some performance information will need to be captured locally, within service delivery worksites.

Agencies with programs affected by the measurement and reporting system will need to collect and report standardized data. Thus, the Board recommends forming an implementation team to work with agencies to determine where valid and verifiable data already exist, and how data will be accessed, collected and reported. The Board also recommends that standardization be limited to defining the substance of the data, aggregating processes, and reporting formats and timeframes.

Each program has a different service delivery structure. The Board recommends that agencies maximize the extent to which they can collect data centrally, through existing automated means. Where agency program oversight staffs determine that data do not exist centrally, the Board recommends that agency program staff take responsibility for working with staff at service delivery work sites to ensure that data collection and reporting requirements are understood and that the resources and capabilities to collect, aggregate and report performance are sufficient.



### **Sub-set E. Recommended Reporting Roles and Responsibilities:**

Stakeholders affected by the performance reporting framework recommended in this report are relatively decentralized. Key stakeholders with defined roles and responsibilities include the following:

- **Program Service Delivery Worksite Staff** – staff at the service delivery sites receiving program monies should assume responsibility for collecting and aggregating as much site-specific quarterly information as possible.
- **Agency Program Oversight Staff** – program staff within the agencies with direct program jurisdiction are best placed to assume responsibility for reviewing and aggregating quarterly information.
- **MJSP Board Support Staff** – MJSP Board staff will need access to quarterly information to track program performance, to keep the Board updated and to provide annual results to Legislative Oversight Committee.
- **MJSP Board Members** – With quarterly updates and then a more formal review of annual data, the Board should be well prepared to dispatch its legislatively mandated duties and offer program recommendations, based on review and analysis of quarterly and annual performance results.
- **Advisory Panel** – The Board should seek input from an advisory panel comprised of agency program oversight staff, service delivery worksite staff and state-wide policy making bodies – including existing program advisory committees. The Advisory Panel should supply programmatic and service delivery knowledge, and help the Board structure program investment recommendations, based on performance results, to the legislature.
- **Legislative Oversight Committee Members and Staff** – The Legislative Oversight Committee reviews annual performance reports and biennial program investment recommendations, in discussion with the Board

More information about these stakeholders' respective roles and responsibilities will need to be developed during implementation of the performance measurement and reporting system. Implementation approaches and tasks are addressed more comprehensively in Section 4 and in Appendix D.

## **Sub-set F. Recommended Reporting Cycle Times and Formats:**

### **Implementation**

Establishing a valuable performance measurement and reporting system constitutes a multi-year investment. The time and other resources invested in delivering valid, verifiable and valuable performance information, credible enough to inform policy making, is worth the investment when one considers the aggregate sum spent by Minnesota state government on workforce development and job training, and the criticality of these programs to Minnesota's continued economic competitiveness.

The Board estimates that approximately nine months will be needed to:

- Finalize a consistent set of measures and data definitions with stakeholders
- Develop consistent data collection and reporting protocols with stakeholders
- Communicate definitions and protocols to service delivery site personnel
- Set up the systems required to capture valid and verifiable data, and
- Report aggregated data in a manner that supports policy decision making.

### **Cycle Times**

Once performance measurements are established (metrics defined and data sources and collection protocols identified), the Board recommends building towards a reporting cycle comprised of both quarters and years. While quarterly reporting may initially seem onerous, once the data sources are defined and collection/aggregation processes are determined, reporting periodicity should be frequent enough to yield information that can be used in timely management decision making. If this information truly helps improve program results, limiting collection to once a year precludes using performance results during the year to make course corrections.

The first year following implementation of the measurement and reporting system could be then used to establish baseline program performance results. Committing the first year after implementation to establishing performance baselines is critical to ensure comparability between program performance data within defined program categories in subsequent years.

Once baselines are established, programs could work with the legislature and executive branch leadership to set performance targets. Subsequent years will be used to gauge program progress against performance baselines established during the first year following implementation. The Board will also develop and submit program investment recommendations, based on measurable performance, in every odd year after implementation (per MS 116L.05).

*Although most programs already measure results, the substance and definition of measures recommended in this report vary from what is currently collected primarily because the Board's intent is to establish a basis for comparing program efficacy. Without comparability, investment decisions about the state's portfolio of workforce development and job training programs remain subjective. Commitment to obtaining comparable program results necessitates time and resources for programs to retool their measurement systems to produce information.*

### **Report Format**

The Board recommends a standardized report format for utilization by all affected programs for both quarterly and annual submissions. Proposed templates for each program category (A, B and C) are provided in Appendix C. Essentially, the reports are designed to show quarterly and annual results, providing a history of performance. Color coding should be used to highlight performance results that meet targets and highlight variances between expected and actual results.

These proposed formats are merely a starting point for more extensive discussion leading to agreement among stakeholders on final formats for reporting.

Defining the reporting formats and specific reporting processes for quarterly reports submitted by worksite staff to agency program oversight staff should be developed collaboratively between program service delivery worksite staff agency program oversight staff. These parties should also develop their own protocols for submitting/transferring performance information. This provides the autonomy required to manage with local constraints or respond to unique local conditions.

### **Sub-set G. Recommended Reporting Process for Year One following Implementation of a Performance Measurement and Reporting System:**

The Board recommends the following process for collecting data during the first year following implementation:

- The performance year for annual reporting will match the calendar year – this allows all parties sufficient time to collect and analyze performance results, meet legislatively mandated timeframes and provide results information within timeframes that inform budget and financial discussions.
- The performance year will be divided into quarters as follows:
  - Quarter 1 = January 1 – March 31
  - Quarter 2 = April 1 through June 30
  - Quarter 3 = July 1 – September 30
  - Quarter 4 = October 1 through December 31
- Program service delivery worksite staff should collect and aggregate as much performance information on a quarterly basis as possible. Some information, like wages earned and decreases in public assistance are unlikely to be accessible to program delivery worksite staff. Agency program oversight staff should arrange to capture this information and share it with key stakeholders.
- Service delivery sites should report quarterly aggregate information to Agency program oversight staff no later than 1 calendar month into the subsequent quarter for which the data is being reported (thus, performance results must be collected, aggregated and reported for Quarter 1 are due by April 30)
- Quarterly performance information from each service delivery site should then be forwarded to one agency program representative by the one calendar month due date following the quarter for which the data is collected.
- Agency program representatives should aggregate quarterly information from each service delivery work site for their programs to produce quarterly reports for each affected program
- Quarterly reports should be forwarded to the Board for informal review
- Agency program staff should aggregate quarterly reports to produce annual reports for their programs
- DTED staff supporting the Board should aggregate program data for each category
- The Board's first annual report should result in recommended performance targets (expected measurable results) for each program. MJSP Board members should work with agency program representatives to negotiate appropriate targets. Recommended performance targets should be based on analysis of 1<sup>st</sup> year results (baseline data for 4 quarters)
- Reasonable performance improvement expectations should be influenced by local economic conditions, populations served, federal performance targets, etc.
- The Legislature (or a designated Committee) should review performance target recommendations and amend or accept performance targets recommended by the Board
- Legislatively approved targets then need to be communicated to the Board and agency program oversight staff
- Agency program staff will then assume responsibility for determining how performance targets affect specific service delivery sites as well as communicating performance targets to staff within each specific service delivery site.

### **Sub-set H. Performance Measurement and Reporting System Recommendations for Subsequent Years:**

The Board estimates, based on others' experiences with implementing performance measurement and reporting systems, that approximately one year will be required to collect sufficient performance information to determine appropriate performance baselines for each program, once a common system is implemented.

After performance baselines are established, a sufficient basis exists for determining performance improvement targets and otherwise describing expected results for the subsequent year. Timing of annual reports describing performance results should facilitate program budgeting discussions.

Once performance baselines are established for each program, the Board recommends the following process for performance reporting in subsequent years:

- Agency program oversight staff will forward quarterly aggregated performance reports to the Board
- The Board will informally review quarterly reports, requesting more detail where needed to help them analyze program results
- Agency program oversight staff will compile and forward aggregated annual program performance results to the Board no later than January 15 each year
- In every odd year, the Board will develop program investment recommendations for the legislature.

Experience tells us that we can expect to make some mistakes as we undertake implementation and begin collecting and analyzing performance results. For this reason, the Board recommends that the initial group of programs remain small. As the State becomes more proficient at measuring results and using performance information in decision making, the Legislature may wish to expand the number of workforce development and job training programs required to report measurable performance.

## **Sub-set I. Recommendations for increasing access to critical performance information**

A great deal of the information needed to understand workforce development and job training program performance could be obtained through wage detail records currently kept by the Minnesota Department of Economic Security's (DES) Unemployment Insurance program. It is likely that Minnesota state agencies collect and house other data valuable in assessing program performance. Implementation of a performance measurement and reporting system that facilitates comparable analysis of program results, especially return on investment, relies on access to valid and verifiable data about earnings and income taxes paid.

Wage detail data is highly confidential because it contains personally identifiable information. DES is required to follow very specific parameters concerning the collection and use of wage detail information. There are three circumstances under which DES is permitted to share wage detail information.

- Programs can obtain explicit, informed consent from program participants to obtain and review data
- DES can share wage detail information if a data set is aggregated in a manner that renders personal information untraceable
- DES can share data if the Legislature makes an explicit exception to existing statute prohibiting data sharing among agencies. For example, DES has an arrangement with the Department of Human Services to provide wage detail information for participants receiving Minnesota Family Investment Program (MFIP) services.

The Board requires more information about the true extent to which the "Minnesota Government Data Practices Act" and other statutes circumscribe access to data potentially useful to better understanding workforce development and job training programmatic results. The Board recommends developing a data inventory for finalized measures. This inventory would identify and describe the location of existing data. This inventory should also consider data quality.

Once a data inventory for final measures is complete, the Board recommends working with stakeholders to thoroughly review existing statutes to determine where there may be difficulties obtaining performance information, and where the quality of information needs to be enhanced to ensure minimum levels of validity and verifiability. Efforts may also involve looking for data not currently kept by Minnesota state agencies. For example, current wage data is kept only for people employed within the state of Minnesota. The logistics and value of obtaining wage detail or other information from sources outside the state need to be considered and weighed.

Clearly, the Board does not wish to violate statute. Privacy concerns must be balanced against the State's need for information about program investment results. Maintaining privacy and fulfilling information needs do not necessarily have to be mutually exclusive. The Board is committed to working with stakeholders and identifying ways to obtain meaningful program data without compromising personal privacy.

## Section 4: Implementation Recommendations

Recommendations in Section 3 describe a performance measurement and reporting framework designed to facilitate portfolio management decision-making. Specifically, the recommended performance measurement and reporting framework is intended to help policy makers reasonably compare program results and prioritize programs in Minnesota's workforce development and job training portfolio.

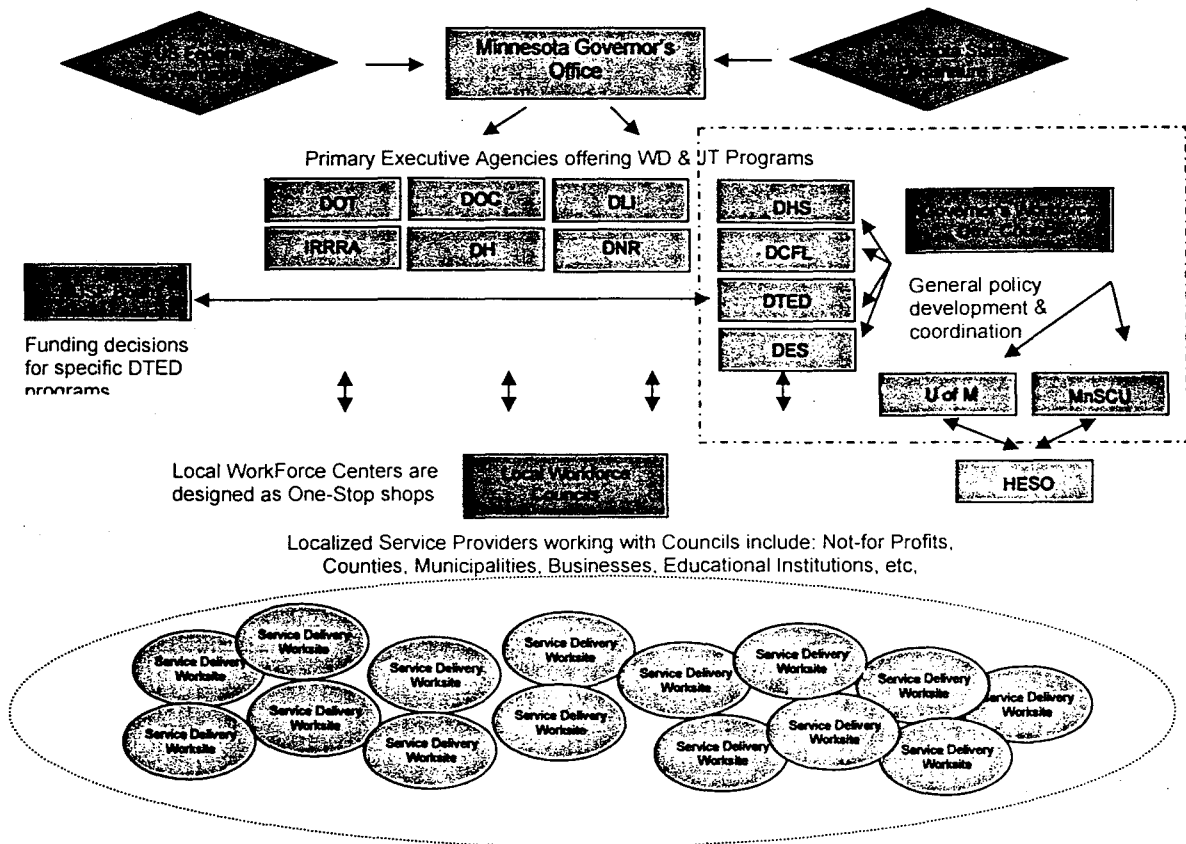
Implementing a framework that enables comparison of program results requires up-front investment. Resistance to making this investment should be expected. First, in an era of significant budget shortfall, investing money in data collection and analysis is understandably less compelling than putting resources into programs that serve people directly. Second, stakeholders will need to be significantly involved in finalizing measures and reporting requirements before the value of such activities in improving program management becomes clearer.

Section 4 describes in more detail the recommended investment in establishing a performance measurement and reporting system that yields valid, verifiable information about workforce development and job training program efficacy.

### The Context for Implementation:

The following business model depicts the network of entities collectively responsible for designing, funding and delivering workforce development and job training programs and services.

**CURRENT WORKFORCE DEVELOPMENT AND JOB TRAINING PROGRAM DELIVERY MODEL**



As the above graphic illustrates, workforce development and job training programs and services are administered in a highly complex environment. Separate boards of directors, trustees and regents, separate councils and state agency commissioners all have a say in ensuring that workforce development and job training goals are addressed but also that many of the state's other missions are also met.

Programs are administered in an extremely decentralized environment, designed to optimize local stakeholders' detailed knowledge of local economies and workforce needs in decision making. Program administration is also structured to facilitate easy access through one-stop-shopping for participants in diverse local communities. The result is an extensive network of programs operated with administrative input from state agencies, local Workforce Centers, Workforce Service Areas, Local Youth Councils, Counties, major Metropolitan area municipal government agencies and community service providers.

Decentralized service delivery environments do complicate implementation of effective performance measurement and reporting systems. However, such systems and the information yielded are all the more critical for maintaining effective service delivery in a decentralized environment – we all recognize the power of measurement as a tool for enhancing accountabilities.

**Critical Success Factors for Implementation:**

The Board has identified the following as issues that must be well managed in order for implementation to succeed:

- Given the high degree of program decentralization, building stakeholder buy-in and ownership will be a critical success factor. ***Stakeholders must be involved in identifying implementation details.***
- Ensuring the level of data consistency required for comparative program analysis rests on structuring and communicating effective incentives to participate.
- Success also requires that stakeholders trust that this effort is designed to help improve all programs rather than simply punish specific programs.
- Another critical success factors entails surmounting logistical complexities in data collection, aggregation and reporting. While the Minnesota Department of Economic Security collects a great deal of administrative information (even for programs that it does not directly manage), not all data will be centrally available. Data privacy and security issues that complicate access to specific information may also be encountered.
- Finally, data collection, analysis and reporting will require financial and human resources.

**Recommendations for Managing Implementation of a Performance Measurement and Reporting System:**

Given a highly decentralized service delivery infrastructure for workforce development and job training programs, and the specific critical success factors for this effort, the Board recommends formally establishing an implementation team to chart a detailed course forward. We recommend comprising the implementation team of agency program oversight staff. Participating staff should have substantive decision-making authority about the delivery of their programs' services. The implementation team should also have representation from entities vested with shaping the State's general workforce development and job training policy agenda, such as the Governor's Workforce Development Council.

For practical purposes, the implementation team should balance the need for broad representation with the need to work nimbly. Thus, the implementation team should consider the utility of Committees and specialized advisory panels. The charter of the implementation team should have the binding force of legislation, spelling out mandates for specific accomplishments by specific dates with defined resources and decision-making authorities.

Primary goals of the implementation team would include:

- Working with programs to validate that the inclusion criteria (adult focused, receive state funds, etc.) are appropriately applied
- Working with stakeholders from affected programs to finalize measures
- Working with stakeholders to finalize a consistent set of data definitions
- Developing consistent data collection and reporting protocols with stakeholders
- Communicating definitions and protocols to service delivery site personnel and other stakeholders
- Working with agency staff and other critical stakeholders to set up the systems required to capture valid and verifiable data, and
- Reporting aggregated data in a manner that supports policy decision making.

What follows are the general issues that the implementation team would need to address and around which they would need to develop stakeholder consensus:

- More specific implementation objectives, including the estimated resources required to obtain the performance information described in this report
- Information users' needs – the consumers of performance reports and their specific requirements for analysis and reporting
- The infrastructure needed to support and execute performance measurement and reporting processes, including technical assistance for service delivery worksite personnel responsible for collecting, aggregating and reporting data
- Communication and training needs regarding information collection, aggregation and reporting – including the skills needed to use quantitative data in decision making
- A process for expanding the portfolio of affected programs as we get smarter about measuring and reporting performance results
- Incentives for compliance with reporting requirements and appropriate stakeholder involvement in the analysis and application of performance results in decision-making.

Appendix E describes in more detail the efforts that an implementation team would need to undertake in order to establish an effective performance measurement and reporting system.

**Recommended Implementation Timing and Measurement Program Expansion:**

We estimate that approximately nine months will be required to set up the performance data collection, aggregation and reporting processes – a system that truly ensures comparability and valid, verifiable data across affected programs. Thus implementation would last from February 2003 to November 2003. The current budget dilemma which the state faces may alter this timetable.

Once implementation is complete, programs could begin collecting and reporting data. First quarter results should be used to begin analyzing implementation – specifically, the quality of the measures and the utility of the resulting data reports in decision-making. The implementation team should work with stakeholders to refine measures wherever necessary, and capture and apply other lessons learned.

Only then should the implementation team consider expansion of the performance measurement program. First quarter results, combined with lessons learned from the initial implementation should be used to identify sensible growth strategies, gradually bringing additional workforce development and job training programs into the performance measurement and reporting system.



## **Appendix A: Recommended Categorization of Affected Programs**

Minnesota Job Skills Partnership Board:  
Performance Measurement and Reporting System Recommendations

Program Name	Sponsoring State Agency	Is program for Adults?	Receives State General Funds or Workforce Development Funds	Falls under Legislative Committees with workforce development jurisdiction	Program's primary purpose is work readiness and/or training and education programs	Primary Program Category (A, B C)	Current Measures
1. Apprenticeship Training Program	DOLI	yes	yes - SGF & WDF	yes	yes	A and maybe B	Program policy compliance rates; Program content review and revision every 5 years; Cost per apprentice; Avg. wage increases; Avg. increase in income taxes paid
2. Career Refugee Program (Lifetrack Resources, Inc.)	DTED	yes	yes	yes	yes	A & B	# of participants placed; Average wage; # receiving training; Job retention rates; Job upgrading; Cost per placement; Income tax increases; Public assistance utilization decreases
3. Dislocated Worker Program (state)	DTED	yes	yes - WDF	yes	yes	A & B	Customer satisfaction (in process and at exit); Credential attainment rate; Number & % who enter employment; % retaining employment for six months. Six month earnings change.
4. Displaced Homemaker Program	MDES	yes	yes - WDF	yes	yes	A	Job placement rates; Wages at time of placement
5. Distance Work Program - MJSP	DTED	yes	yes - SGF	yes	yes	B & C	# of participants enrolled; State costs (grant size); # of workers retained
6. Extended Employment Program - Basic Funding	MDES	yes	yes - SGF	yes	Yes	B	Job placement rates; Hours worked; Job tenure/retention; Wage changes; Customer satisfaction
7. Extended Employment Program - MN Employment Center for People who are deaf or hard of hearing	MDES	yes	yes - SGF	yes	yes	B	Job placement rates; Hours worked; Job tenure/retention; Wage changes; Customer satisfaction
8. Extended Employment Program (SPMI) - Coordinated Employability Projects	MDES	yes	yes - SGF	yes	yes	B	Job placement rates; Hours worked; Job tenure/retention; Wage changes; Customer satisfaction
9. Health Care & Human Services Worker Training & Retention Program	DTED	yes	yes - TANF	yes	yes	B & C	# of participants enrolled; State costs (grant size)
10. Hire Education Loan Program	DTED	yes	yes - SGF	yes	yes	B & C	# of participants enrolled; State costs (grant size)
11. LEAP Apprenticeship Program	DOLI	yes	yes - SGF & WDF	yes	yes	A and maybe B	Placement rate; Placement costs; Program completion/credential attainment; Income tax increases
12. Minnesota Opportunities Industrialization Centers Program	MDES	yes	yes - TANF	yes	yes	A and maybe B	Placement rate; Retention rates at 30, 60 & 90 days; Wage increases; Public assistance utilization decreases
13. Partnership Program	DTED	yes	yes - SGF	yes	yes	B & C	# of participants enrolled; State costs (grant size)
14. Pathways Program	DTED	yes	yes - TANF	yes	yes	B & C	# of participants enrolled; State costs (grant size)

Minnesota Job Skills Partnership Board:  
Performance Measurement and Reporting System Recommendations

15. State Services for the Blind - Workforce Development Services & Business Enterprises Program	MDES	yes	yes - SGF	yes	yes	A & B	Change in placement rates from period to period (annual); % of program participants placed; % of placements at or above minimum wage; Placement rates in competitive employment; Average competitive employment wages compared to State average; % change in participants who report "personal income" as primary source of support at program conclusion; % of minorities receiving services
16. Training for Low Income Workers Voucher Program	DTED	yes	May be TANF funds only	yes	yes	B & C	# of participants enrolled, State costs (grant size)
17. Twin Cities RISE!	DTED	yes	yes - SGF	yes	yes	B	# of participants; placement rates; average income increases over program duration; 6 month retention rate;
18. Vocational Rehabilitation and Counseling Program	MN VA	yes	yes	yes	yes	A and maybe B	No measures currently identified
19. Vocational Rehabilitation Program - Rehabilitation Services at WorkForce Centers	MDES	yes	yes - SGF	yes	yes	A & B	Change in placement rates from period to period (annual); % of program participants placed; % of placements at or above minimum wage; Placement rates in competitive employment; Average competitive employment wages compared to State average; % change in participants who report "personal income" as primary source of support at program conclusion; % of minorities receiving services
20. Women Venture Non-traditional Employment Program	DTED	yes	yes - SGF/grant from DTED	yes	yes	A & B	Placement & retention rates; Cost per client; New earning power of employed graduates compared to the overall cost of the program comprises "return on investment"; Customer satisfaction rates

## **Appendix B: A Working Draft of Proposed Measures**

The Board recommends that the legislature evaluate the following initial measures for workforce development and job training. The Board has continued to revise these measures over the past months in efforts and recommend a manageable set of measures that compliments proposed federal measures without causing undue burdens on already strained program resources.

Again, the Board recommends broad stakeholder input into the final set of measures needed to enhance program management, ensure fair program comparisons and comply with Legislative reporting requirements.

**Note: Recommended measures followed by an asterisk are mandated by state and/or federal law.**

<b>Performance Standard 1. Increased Employment</b>	
<ul style="list-style-type: none"> <li>• Gain or maintain employment</li> <li>• Gain or maintain employment with a Minnesota employer</li> </ul>	
<b>Category A Program Measures</b>	<ul style="list-style-type: none"> <li>• # of participants who enrolled and showed up to use program's sequence of services*</li> <li>• % of participants who completed the planned sequence of services offered*</li> <li>• % of participants employed in the first quarter after program exit*</li> <li>• Annual % change in the number of participants who became employed</li> </ul>
<b>Category B Program Measures</b>	<ul style="list-style-type: none"> <li>• # of participants who enrolled and showed up to use program's sequence of services*</li> <li>• % of participants who completed the planned sequence of services offered*</li> <li>• % employed in the first quarter after program exit*</li> <li>• % of those employed in the first quarter after program exit that were still employed in the fourth quarter after program exit*</li> </ul>
<b>Category C Program Measures</b>	<ul style="list-style-type: none"> <li>• # of employers who participated in programs funded by state grants/loans</li> <li>• % employed in the first quarter after program exit*</li> <li>• % of those employed in the first quarter after program exit that were still employed in the fourth quarter after program exit*</li> <li>• Annual % change in jobs created and retained through program participation</li> </ul>
<b>Performance Standard 2. Increased Job Quality</b>	
<ul style="list-style-type: none"> <li>• Self-sufficiency increases (higher wages and improved benefits)</li> </ul>	
<b>Category A Program Measures</b>	<ul style="list-style-type: none"> <li>• % of participants whose earnings increased</li> <li>• % change in participants' average earnings (earnings in first quarter after program exit less earnings two quarters prior to registration as a percent of earnings two quarters prior to registration)*</li> </ul>
<b>Category B Program Measures</b>	<ul style="list-style-type: none"> <li>• % of participants whose earnings increased</li> <li>• % change in participants' average earnings (earnings in third quarter after program exit less earnings one quarter after program exit as a percent of earnings in first quarter after program exit)*</li> </ul>
<b>Category C Program Measures</b>	
<b>Performance Standard 3. Increased Employee Retention</b>	
<ul style="list-style-type: none"> <li>• Employee retention rates increase</li> <li>• Rates of maintaining employment increase</li> </ul>	
<b>Category A Program Measures</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Category B Program Measures</b>	<ul style="list-style-type: none"> <li>• Average number of weeks that participants were employed during first four full quarters after placement*</li> <li>• % of those employed in the first quarter after exit who were still employed in the fourth quarter after program exit*</li> </ul>
<b>Category C Program Measures</b>	

<b>Performance Standard 4. Improved Return on Invested Public Workforce Development and Job Training Funds</b>	
<ul style="list-style-type: none"> <li>• Increased state revenues</li> <li>• Decreased state costs</li> </ul>	
<b>Category A Program Measures</b>	<ul style="list-style-type: none"> <li>• Annual cost per participant defined by appropriation and number of participants*</li> <li>• % change in public aid dollars used by participants during two first full quarters after exiting program (The Board recommends developing a process for estimating % changes based on participants' earnings and associate eligibility for public aid. A credible estimate provides management information without compromising data privacy statutes affecting access to wage detail information).</li> <li>• % change in income taxes paid during two first full quarters after exiting program (The Board recommends developing a process for estimating based on participants' earnings levels and associated tax liabilities. A credible estimate provides management information without compromising data privacy statutes affecting access to wage detail information).</li> <li>• Payback ratio (program costs: projected tax revenues + cost savings)</li> </ul>
<b>Category B Program Measures</b>	<ul style="list-style-type: none"> <li>• Annual cost per participant defined by appropriation and number of participants*</li> <li>• % change in public aid dollars used by participants during four first full quarters after exiting program (The Board recommends developing a process for estimating % changes based on participants' earnings and associate eligibility for public aid. A credible estimate provides management information without compromising data privacy statutes affecting access to wage detail information).</li> <li>• % change in income taxes paid during four first full quarters after exiting program (The Board recommends developing a process for estimating based on participants' earnings levels and associated tax liabilities. A credible estimate provides management information without compromising data privacy statutes affecting access to wage detail information).</li> <li>• Payback ratio (program costs: projected tax revenues + cost savings)</li> </ul>
<b>Category C Program Measures</b>	
<b>Performance Standard 5. Improved Customer Satisfaction</b>	
<ul style="list-style-type: none"> <li>• Program users believe their needs are met</li> </ul>	
<b>Category A Program Measures</b>	<ul style="list-style-type: none"> <li>• Average satisfaction level of customer</li> <li>• % change in customer (employer, educational institution and program participant) satisfaction with service accessibility, timeliness, etc.</li> </ul>
<b>Category B Program Measures</b>	
<b>Category C Program Measures</b>	

## **Appendix C: Initial Definitions for Proposed Performance Measures**

Performance Standard	A. Programs that help participants get jobs (prepare & place)	Definitions
<b>1. Increased Employment</b> <ul style="list-style-type: none"> <li>Gain or maintain employment</li> <li>Gain or maintain employment with a Minnesota employer</li> </ul>	<ul style="list-style-type: none"> <li>A1a. # of participants who enrolled and showed up to use program's sequence of services</li> </ul>	<ul style="list-style-type: none"> <li>Participant is an individual who has been determined to be eligible for services and who signs up to receive services for a program (other than self-service and informational services) and who showed up to use the program on at least one occasion.</li> <li>Services may include assessments and career planning (basic skills tests, interest and aptitude testing, career exploration, life skills, work incentives/budgeting, job seeking), adult basic education (GED, ESL, etc.), skills enhancement training (coursework, certifications, post secondary), and employment services and support (job search, job keeping, OJT, etc.)</li> </ul>
	<ul style="list-style-type: none"> <li>A1b. % of participants who completed the planned sequence of services offered</li> </ul>	<p># of participants who completed the planned sequence of services (i.e., when an individual or organization finishes a planned course of services (which could include retention of a job for a specified period of time as part of planned services. If job retention for a specified time period is included in planned services for program participants, the time in employment counts toward retention goals)</p>
	<ul style="list-style-type: none"> <li>A1c. % of participants who became employed</li> </ul>	<p># of participants who exited the program during the quarter (denominator) NOTE: exit is defined as the date of completion or inactivation or 90 days with no services and no scheduled future services (except follow-up). Medical, death, and institutional exits should be excluded. Exiters will be grouped by the quarter in which they exit</p>
	<ul style="list-style-type: none"> <li>A1d. annual % change in number of participants who became employed</li> </ul>	<p># of participants placed # of participants who enrolled in the program (denominator)</p> <ul style="list-style-type: none"> <li>percent of participants placed (current year – see A1d) minus the percent of participants placed (prior year)</li> </ul>
<b>2. Increased Job Quality</b> <ul style="list-style-type: none"> <li>Self-sufficiency increases (higher wages and improved benefits)</li> </ul>	<ul style="list-style-type: none"> <li>A2a % of participants whose earnings increased</li> </ul>	<p># of participants whose earnings were greater in the 2 quarters after exit than in the 2 quarters prior to enrollment Total number of participants</p>
	<ul style="list-style-type: none"> <li>A2b % change in participants' average earnings</li> </ul>	<p>Earnings in first quarter after program exit minus earnings in two quarters prior to registration (numerator) Earnings two quarters prior to registration (denominator)</p>
<b>3. Increased Employee Retention</b> <ul style="list-style-type: none"> <li>Employee retention rates increase</li> <li>Rates of maintaining employment increase</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>4. Improved Return on Invested Public Workforce Development and Job Training Funds</b> <ul style="list-style-type: none"> <li>Increased revenues</li> <li>Decreased costs</li> </ul>	<ul style="list-style-type: none"> <li>A4a. Annual cost per participant defined by appropriation and number of participants</li> </ul>	<p>Total expenditures of program (numerator) # of participants who enrolled in the program (denominator)</p>
	<ul style="list-style-type: none"> <li>A4b. % change in average public aid dollars used by participants during first two full quarters after participation</li> </ul>	<p>Total dollars in public aid spent for participants in the 2 quarters after exit less total dollars spent for participants in the 2 quarters prior to enrollment (numerator) Total dollars in public aid spent for participants in the 2 quarters prior to enrollment (denominator)</p>
	<ul style="list-style-type: none"> <li>A4c. % change in income taxes paid during first two full quarters after participation</li> </ul>	<p>Total dollars in taxes paid by participants in the 2 quarters after exit less total dollars in taxes paid by participants in the 2 quarters prior to enrollment (numerator) Total dollars in taxes paid by participants in the 2 quarters prior</p>



Minnesota Job Skills Partnership Board:  
 Performance Measurement and Reporting System Recommendations

		to enrollment (denominator)
	<ul style="list-style-type: none"> <li>A4d. Annual program payback ratio</li> </ul>	$\frac{\text{Total projected income taxes} + \text{projected public aid dollars saved}}{\text{Total program costs}}$
<b>5. Improved Customer Satisfaction</b> <ul style="list-style-type: none"> <li>Program users believe their needs are met</li> </ul>	<ul style="list-style-type: none"> <li>A5a. Average satisfaction level of program participant</li> </ul>	<ul style="list-style-type: none"> <li>Average of participant ratings on customer satisfaction survey</li> </ul>
	<ul style="list-style-type: none"> <li>A5b. % change in program participant satisfaction with service accessibility, timeliness, etc</li> </ul>	$\frac{\text{Average of participant ratings on customer satisfaction survey for those who exited this quarter} - \text{average of ratings for those who exited last quarter (numerator)}}{\text{Average of participant ratings for those who exited last quarter (denominator)}}$
<b>Legislative Requirements not directly addressed by Approved Performance Standards</b>	<ul style="list-style-type: none"> <li>Decrease in barriers to employment (we assume that successfully placing participants requires understanding of, and skill at, surmounting employment barriers.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

- Note: for A1a – defining participants as those who “show up” means that possible barriers to effective outcomes (such as inconvenient timing of service offerings) may not be as readily identified, since individuals who are eliminated from the program by these barriers will not be included in effectiveness measures. One option would be to include all enrollments, and include % that do not show up for service as explanatory information.

Performance Standards	B. Programs that help employees maintain employment and/or get better jobs (retain and advance)	Definitions
<b>1. Increased Employment</b> <ul style="list-style-type: none"> <li>Gain or maintain employment</li> <li>Gain or maintain employment with a Minnesota employer</li> </ul>	<ul style="list-style-type: none"> <li>B1a. # of participants who enrolled and showed up to use programs' sequence of services</li> </ul>	<ul style="list-style-type: none"> <li>Participant is an individual who has been determined to be eligible for services and who signs up to receive services for a program (other than self-service and informational services) and who showed up to use the program on at least one occasion.</li> <li>Services may include assessments and career planning (basic skills tests, interest and aptitude testing, career exploration, life skills, work incentives/budgeting, job seeking), adult basic education (GED, ESL, etc.), skills enhancement training (coursework, certifications, post secondary), and employment services and support (job search, job keeping, OJT, etc.)</li> </ul>
	<ul style="list-style-type: none"> <li>B1b. % of participants who completed the planned sequence of services offered</li> </ul>	$\frac{\# \text{ of participants who completed the planned sequence of services (i.e., when an individual or organization finishes a planned course of services (which could include retention of a job for a specified period of time as part of planned services. If job retention for a specified time period is included in planned services for program participants, the time in employment counts toward retention goals)}}{\# \text{ of participants who exited the program during the quarter (denominator) NOTE: exit is defined as the date of completion or inactivation or 90 days with no services and no scheduled future services (except follow-up). Medical, death, and institutional exits should be excluded. Exiters will be grouped by the quarter in which they exit}}$
	<ul style="list-style-type: none"> <li>B1c. % employed in the first quarter after exit</li> </ul>	$\frac{\# \text{ of participants who start employment within one quarter after exiting the program}}{\# \text{ of participants who enrolled and showed up to use the programs' sequence of services}}$
	<ul style="list-style-type: none"> <li>B1d. % of those employed in the first quarter after program exit that were still employed in the fourth quarter after program exit</li> </ul>	$\frac{\# \text{ of participants still employed in the fourth quarter after program exit}}{\# \text{ of participants employed in the first quarter after program exit}}$
<b>2. Increased Job Quality</b> <ul style="list-style-type: none"> <li>Self-sufficiency increases (higher wages and improved benefits)</li> </ul>	<ul style="list-style-type: none"> <li>B2a % of participants whose earnings increased</li> </ul>	$\frac{\# \text{ of participants whose earnings were greater in the 2 quarters after exit than in the 2 quarters prior to enrollment}}{\text{Total number of participants}}$
	<ul style="list-style-type: none"> <li>B2b % change in participants' average earnings</li> </ul>	$\frac{\text{Earnings in third quarter after program exit minus earnings in first quarter after placement (numerator)}}{\text{Earnings in first quarter after placement (denominator)}}$
<b>3. Increased Employee Retention</b> <ul style="list-style-type: none"> <li>Employee retention rates increase</li> <li>Rates of maintaining employment increase</li> </ul>	<ul style="list-style-type: none"> <li>B3a. Average number of weeks that participants were employed during first four full quarters after placement</li> </ul>	$\frac{\text{Number of weeks participants are employed during 12 months after placement}}{\text{Number of participants}}$
	<ul style="list-style-type: none"> <li>B3b. % of those who were still employed in the fourth quarter after program exit</li> </ul>	$\frac{\text{Average number of weeks participants are employed during 12 months after placement less the prior year average}}{\text{Prior year average number of weeks participants are employed during 12 months after placement}}$
<b>4. Improved Return on Invested Public Workforce Development and Job Training Funds</b> <ul style="list-style-type: none"> <li>Increased revenues</li> <li>Decreased costs</li> </ul>	<ul style="list-style-type: none"> <li>B4a. Annual cost per participant</li> </ul>	$\frac{\text{Total expenditures on program (numerator)}}{\# \text{ of participants who enrolled in the program (denominator)}}$
	<ul style="list-style-type: none"> <li>B4b. % change in public aid dollars used by participants during first</li> </ul>	$\frac{\text{Total dollars in public aid spent for participants in the four quarters after exit less total dollars spent for participants in the four quarters prior to enrollment (numerator)}}{\text{Total dollars in public aid spent for participants in the four quarters prior to enrollment (numerator)}}$

Minnesota Job Skills Partnership Board:  
 Performance Measurement and Reporting System Recommendations

	four full quarters after placement	Total dollars in public aid spent for participants in the second quarter prior to enrollment (denominator)
	<ul style="list-style-type: none"> <li>B4c. % change in income taxes paid during first four full quarters after placement</li> </ul>	$\frac{\text{Total dollars in taxes paid by participants in the four quarters after exit less total taxes paid by participants in the four quarters prior to enrollment (numerator)}}{\text{Total dollars in taxes paid by participants in the four quarters prior to enrollment (denominator)}}$
	<ul style="list-style-type: none"> <li>B4e. Annual program payback ratio</li> </ul>	$\frac{\text{Total projected income taxes + projected public aid dollars saved}}{\text{Total program costs}}$
<b>5. Improved Customer Satisfaction</b> <ul style="list-style-type: none"> <li>Program users believe their needs are met</li> </ul>	<ul style="list-style-type: none"> <li>B5a. Average satisfaction level of program participant</li> </ul>	<ul style="list-style-type: none"> <li>Average of participant ratings on customer satisfaction survey</li> </ul>
	<ul style="list-style-type: none"> <li>B5b. % change in program participant satisfaction with service accessibility, timeliness, etc</li> </ul>	$\frac{\text{Average of participant ratings on customer satisfaction survey for those who exited this quarter minus average of ratings for those who exited last quarter (numerator)}}{\text{Average of participant ratings for those who exited last quarter (denominator)}}$
<b>Legislative Requirements not directly addressed by Approved Performance Standards</b>	<ul style="list-style-type: none"> <li>Decrease in barriers to employment (we assume that successfully placing participants requires understanding of, and skill at, surmounting employment barriers).</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

- Note: for A2a – earnings is used instead of wages based on the assumption that the goal is self-sufficiency, and that earnings are a more predictive indicator of self-sufficiency, as they reflect factors such as whether employment is full-time or part-time.

Performance Standards	C. Programs that help improve Minnesota economic competitiveness (complete)	Definitions
<b>1. Increased Employment</b> <ul style="list-style-type: none"> <li>Gain or maintain employment</li> <li>Gain or maintain employment with a Minnesota employer</li> </ul>	<ul style="list-style-type: none"> <li>C1a. # of employers who participated</li> </ul>	# of employers receiving grants to improve Minnesota economic competitiveness
	<ul style="list-style-type: none"> <li>C1b. % employed in first quarter after program exit</li> </ul>	$\frac{\text{\# of participants still employed in first quarter after program exit}}{\text{\# of participants in program}}$
	<ul style="list-style-type: none"> <li>C1c. % of those employed in the first quarter after program exit that were still employed in the fourth quarter after program exit</li> </ul>	$\frac{\text{\# of participants still employed in fourth quarter after program exit}}{\text{\# of participants in program employed in the first quarter}}$
	<ul style="list-style-type: none"> <li>C1d. Annual % change in jobs created through program participation</li> </ul>	$\frac{\text{\# of jobs created in the current year} - \text{\# of jobs created in the prior year}}{\text{\# of jobs created in the prior year}}$
<b>2. Increased Job Quality</b> <ul style="list-style-type: none"> <li>Self-sufficiency increases (higher wages and improved benefits)</li> </ul>	<ul style="list-style-type: none"> <li>C2a. % of participants whose earnings increased</li> </ul>	$\frac{\text{\# of participants whose earnings were greater in the 2 quarters after exit than in the 2 quarters prior to enrollment}}{\text{Total number of participants}}$
	<ul style="list-style-type: none"> <li>C2b. % change in participants' average earnings</li> </ul>	$\frac{\text{Earnings in third quarter after program exit} - \text{Earnings in first quarter after placement}}{\text{Earnings in first quarter after placement}}$
<b>3. Increased Employee Retention</b> <ul style="list-style-type: none"> <li>Employee retention rates increase</li> <li>Rates of maintaining employment increase</li> </ul>	<ul style="list-style-type: none"> <li>C3a. Average number of weeks that participants were employed during first four full quarters after placement</li> </ul>	$\frac{\text{Number of weeks participants are employed during 12 months after placement}}{\text{Number of participants}}$
	<ul style="list-style-type: none"> <li>C3b. % of those who were still employed in the fourth quarter after program exit</li> </ul>	$\frac{\text{Average number of weeks participants are employed during 12 months after placement} - \text{Prior year average}}{\text{Prior year average}}$
<b>4. Improved Return on Invested Public Workforce Development and Job Training Funds</b> <ul style="list-style-type: none"> <li>Increased revenues</li> <li>Decreased costs</li> </ul>	<ul style="list-style-type: none"> <li>C4a. Annual cost per participant</li> </ul>	$\frac{\text{Total expenditures on program}}{\text{\# of participants who enrolled in the program}}$
	<ul style="list-style-type: none"> <li>C4b. % change in public aid dollars used by participants during first four full quarters after placement</li> </ul>	$\frac{\text{Total dollars in public aid spent for participants in the four quarters after exit} - \text{Total dollars spent for participants in the four quarters prior to enrollment}}{\text{Total dollars in public aid spent for participants in the second quarter prior to enrollment}}$
	<ul style="list-style-type: none"> <li>C4c. % change in income taxes paid during first four full quarters after placement</li> </ul>	$\frac{\text{Total dollars in taxes paid by participants in the four quarters after exit} - \text{Total dollars in taxes paid by participants in the four quarters prior to enrollment}}{\text{Total dollars in taxes paid by participants in the four quarters prior to enrollment}}$
	<ul style="list-style-type: none"> <li>C4e. Annual program payback ratio</li> </ul>	$\frac{\text{Total projected income taxes} + \text{projected public aid dollars saved}}{\text{Total program costs}}$
<b>5. Improved Customer Satisfaction</b> <ul style="list-style-type: none"> <li>Program users believe their needs are met</li> </ul>	<ul style="list-style-type: none"> <li>C5a. Average satisfaction level of customer</li> </ul>	Average of participant ratings on customer satisfaction survey
	<ul style="list-style-type: none"> <li>C6b. % change in customer (employer, educational institution, and program participant) satisfaction with service accessibility, timeliness, etc</li> </ul>	$\frac{\text{Weighted average customer satisfaction ratings for those who exited received program services this quarter} - \text{Weighted average customer satisfaction ratings for those who received services in the prior quarter}}{\text{Weighted average customer satisfaction ratings for those who received services in the prior quarter}}$

Minnesota Job Skills Partnership Board:  
Performance Measurement and Reporting System Recommendations

---

<b>Legislative Requirements not directly addressed by Approved Performance Standards</b>	• N/A	• N/A
--	-------	-------

## **Appendix D: Sample Reporting Templates for Quarterly and Annual Performance Results**



## **Appendix E: Implementation Scope of Work**



Establishing an effective performance measurement and reporting system often requires implementation efforts. Although it is conceptually simple, performance measurement often requires significant cultural changes in order to recognize the most important benefits of managing towards specifically defined results.

The most important benefits are well defined results for which we can now hold programs more accountable, and dramatically augmented decision making capabilities. We can certainly invest in measuring and reporting performance without reaping these benefits though. Optimizing performance measurement efforts requires consideration for both the technical work needed to use performance measurement and the efforts needed to create a culture that understands and accepts performance measurement as a business improvement tool.

We will first present the values and beliefs most critical to effectively working with performance results and managing towards true outcomes. This Appendix then provides an overview of the typical performance management cycle, of which measuring and reporting results are key elements. Finally, this Appendix describes the elements of the technical work needed to implement a performance management system, including ways in which to start changing cultures, making them more receptive to managing towards measurable outcomes.

#### **Performance Measurement Culture: Critical Values and Beliefs**

Creating a culture that understands and works to gain full benefits from performance measurement and reporting systems requires acceptance of the following values and beliefs:

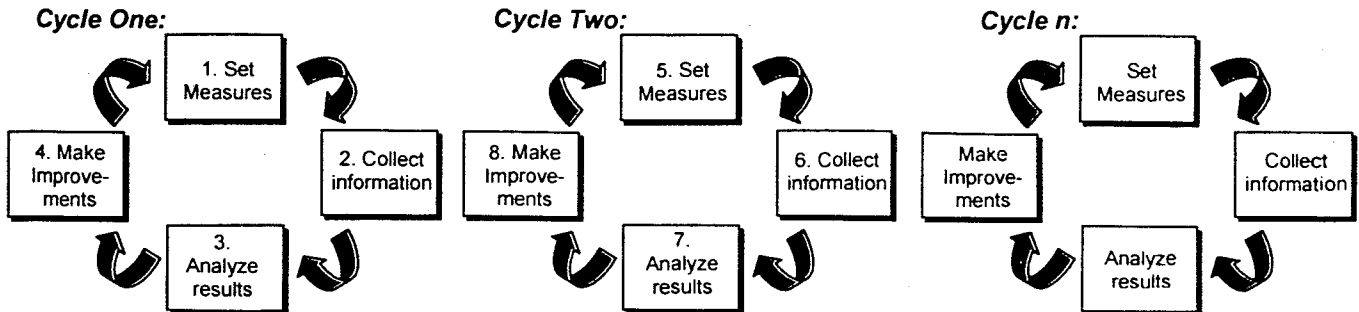
- As public organizations, we have a responsibility to those we serve (including taxpayers) to keep finding better ways of doing what we do – our focus on continuously improving how we offer programs or services must remain sharp at all times
- Continuous improvement works most successfully in collaborative environments where we keep each other motivated about, and accountable for, improvement goals. Working together, we are better able to maintain a sharp focus on continually improving how we deliver services and run programs
- We believe that performance measurement is an important component of continuous improvement – we have to know how we're doing if we want to know if we're getting better
- Intellectual curiosity is a critical driver in effectively measuring performance – we need to keep asking how and why, and reward curiosities which lead to innovation
- We see organizational leadership using the performance information we collect and report in decision making – we understand how organizational leaders use the information in decision-making and explaining decisions to stakeholders. We find the performance information we collect extremely valuable in making our own decisions.
- Results we don't like do not necessarily mean we failed – we view measurable performance results as feedback that can enable us to keep doing better if we don't get bogged down in pointing fingers and blaming others or ourselves
- Performance measures can give us an improved basis for making and communicating decisions. For example, performance information tells us (and our stakeholders) something valuable about returns on dollars invested in workforce development and job training programs
- Our ability to demonstrate the best value for invested dollars is the kind of accountability that stakeholders expect.
- This is not about protecting budgets – it is about making sure we deliver the best possible services for the resources with which we are entrusted.
- We're in this for the long haul – nothing will improve overnight but this effort does represent our best chance to keep making significant improvements over time.
- We will make mistakes – plenty of them in fact. This doesn't mean that performance measurement as a tool is a failure, or that we have failed. It means that we have to be as intellectually honest as possible, commit to improving, and rethink our approach.

#### **Overview of Performance Measurement Systems:**

Effective performance measurement systems have four essential phases. The four phases are:

- Setting measures based on a clear vision of where we want to end up
- Establishing how and from where we will collect the information we need to help us assess our progress towards measurable outcomes
- Analyzing the performance results we collect to understand what progress we've made
- Identifying where we need to focus future efforts

The four phases of a performance management system are cyclical, not linear - we keep setting measures and performance targets, collecting performance information, analyzing results, and making and implementing performance improvement recommendations. This requires a long-standing commitment to keep measuring and working with performance information. The following graphic illustrates what we mean by cyclicity:

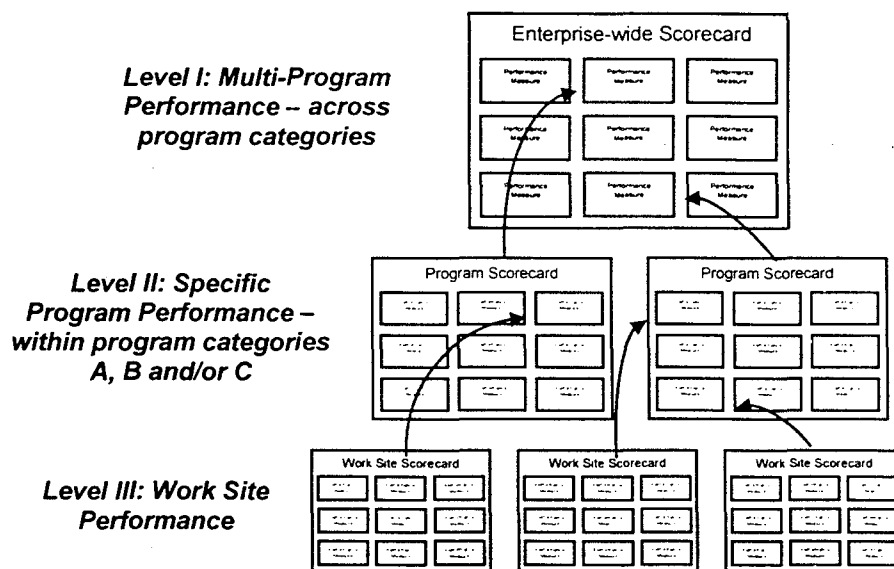


Performance measures also have to be aligned if we want to use performance information to assess the efficacy of specific programs. That is, we should be able to roll-up or aggregate performance information across service delivery worksites into programmatic level information. We should also be able to compare aggregated information from several programs to answer questions about the whole program portfolio, i.e.: how long did program participants stay employed during the 12 months following their job start dates?

Rolling worksite information up into program information requires scrupulously defining data in the same way and using the same processes to report and aggregate data. Agencies will need to help service delivery work site personnel collect and report highly standardized performance information.

Agency program oversight staff will then need to aggregate data from several worksites where their program services are delivered using very standardized processes. Programs in similar categories (A, B and/or C) can then be compared as a means of helping us all begin to understand how program results in any one category vary. Understanding variance allows us to identify and investigate more thoughtfully the reasons underpinning differences among program results in the same categories.

The following graphic depicts what we mean by aligning measures so that performance results can be aggregated (or rolled up) enabling comparability between worksites or programs within a category:



Despite the power that we give numbers and our assumptions about their basis in fact, we need to remember the following when using quantitative information to compare programs:

- Correlation is not causation – that is, we need to be very careful about ascribing cause in explaining a set of results where correlations are high. For example, there is a high correlation between air miles traveled and educational attainment. If correlation were causation, policy makers would prescribe air travel for teens as part of the school curriculum.
- Results we didn't expect are a starting place for further investigations – not the final results of a program evaluation. The reported numbers should not be the basis for ascribing causality or blame. Leaders working with quantifiable performance results need to stay focused on improvement – using performance information to understand what happened and then using their new knowledge to avoid failure and replicate success.
- Every performance measure is laden with assumptions – we need to be clear about the assumptions we're making or we increase our risk of making faulty conclusions.

**Major Implementation Steps in Measuring and Reporting Performance:**

Collecting, analyzing and applying quantitative performance information requires investment in an infrastructure. Elements of the performance measurement infrastructure include human resources, processes and procedures, information management and reporting tools, management decision making processes, and regular communications with all stakeholders.

As described in Section 4, we recommend assembly of an implementation team tasked with thinking through and addressing the major steps identified in the following implementation overview table. Implementation should require approximately nine months – estimated times for each of the six implementation steps are described below:

Implementation Planning Phases	Actions and Related Report Contents
<p><b>Step 1: Finalize measurements.</b></p> <p>Estimated Timing: Complete this step within first 2 to 3 months of implementation phase.</p>	<ul style="list-style-type: none"> <li>• Document information legislation requires</li> <li>• Document measures recommended by the Board</li> <li>• Document measures already collected by each affected program</li> <li>• Identify gaps</li> <li>• Consult programs where there are gaps to gain a sense of magnitude in gaps and relevance of proposed measures</li> <li>• Finalize measures with stakeholders – build stakeholder buy-in</li> <li>• Determine gaps in data needs</li> <li>• Determine efforts needed to close gaps</li> <li>• Quantify costs of collecting data – closing data gaps</li> <li>• Determine how to procure resources needed to close gaps</li> </ul>
<p><b>Step 2: Develop and execute work plan to close data gaps.</b></p> <p>Estimated Timing: The duration of this step depends on the number and magnitude of gaps identified once measures are finalized – this step will most likely require 3-5 months and can begin when Step 1 is complete.</p>	<ul style="list-style-type: none"> <li>• Determine priorities among gaps requiring closure efforts – how we'll collect data that we don't have</li> <li>• Develop work plans for closing high priority gaps</li> <li>• Assemble resources for closing gaps, including drafting legislation if needed</li> <li>• Implement gap closure work plans, including getting legislation drafted and passed if necessary</li> <li>• Track and communicate progress</li> <li>• Validate and report completion of gap closure work plans</li> </ul>
<p><b>Step 3: Identify report users and their needs.</b></p> <p>Estimated Timing: This step can be completed within first two months of the implementation period.</p>	<ul style="list-style-type: none"> <li>• Map out user groups</li> <li>• Identify their requirements for the first report</li> <li>• Ensure that the report outline and contents address user requirements</li> <li>• Identify report production and distribution logistics for users</li> <li>• Communicate logistical information to users</li> <li>• Test drafts with subset of users if possible</li> </ul>

Implementation Planning Phases	Actions and Related Report Contents
<p><b>Step 4: Define and communicate roles, responsibilities and processes in gathering, aggregating and reporting performance.</b></p> <p>Estimated Timing: This step should also be completed within first four months of implementation.</p>	<ul style="list-style-type: none"> <li>• Identify who is affected by the Performance Reporting project</li> <li>• Identify how they are affected</li> <li>• Identify what they need to know, given how the effort impacts them</li> <li>• Identify and design report development and distribution processes</li> <li>• Identify process owners</li> <li>• Identify infrastructure needed to manage data collection, aggregation, analysis and reporting</li> </ul>
<p><b>Step 5: Develop an infrastructure for managing and sustaining performance measurement reporting initiative in future years.</b></p> <p>Estimated Timing: This step needs to be completed within first four months of the implementation phase.</p>	<ul style="list-style-type: none"> <li>• Determine who is responsible for sustaining this effort into the future</li> <li>• Determine what resources are available to work on this in the future</li> <li>• Determine what tools are needed to help agencies' program representatives collect, aggregate and report performance (based on final measures and gap analysis – what we collect today versus what we need to collect in the future)</li> <li>• Review infrastructure staffing needs</li> <li>• Determine competencies required to staff infrastructure</li> <li>• Identify sources for needed skills/competencies</li> <li>• Recommend gap closure activities and other resources</li> <li>• Determine what expertise/skills are needed to help agencies' program representatives report performance</li> <li>• Establish and communicate processes to those affected</li> <li>• Identify tools and other resources for the performance reporting infrastructure</li> </ul>
<p><b>Step 6: Review performance measurement and reporting program after implementation of measures for first round of programs – recommend improvements.</b></p> <p>Estimated Timing: Planning for this should be conducted as part of identifying and building the program management infrastructure.</p> <p>The duration of this step lasts beyond implementation though – a thorough review, with a defined methodology and one dedicated FTE should take no longer than 2 months.</p>	<ul style="list-style-type: none"> <li>• Set review criteria, including program expansion indicators, review timing, reviewers, etc.</li> <li>• Design review methodology, based on criteria</li> <li>• Develop review processes and tools</li> <li>• Communicate review expectations</li> <li>• Implement review process</li> <li>• Document review results and formulate recommendations for improvements</li> </ul>

**Managing Implementation:**

The implementation team will need a defined leader. The team will also need resources to execute the above steps. Finally, the team should consist of agency representation – program and IT staff from each agency.

The implementation team leader should have responsibility for managing all communications – internal and external – and work with the Board and agencies to ensure that resources are sufficient, and that planned activities and progress reports are executed on time, achieving their intended effect.

The implementation team leader should report to the Board, who would then be responsible for validating implementation direction, procuring resources, carrying out communication tasks, and holding the implementation team accountable for staying on track – if resources are not the issue. Progress reporting should occur monthly, accompanied by meetings to review progress, make policy decisions and resolve issues.

## Appendix F: Project Participation

The Board wishes to thank those who were willing to provide feedback and information as this effort progressed. The more generous timeframe for developing the six standards allowed considerable initial stakeholder input. Consensus on the five standards reflects, to a large degree, time spent working with stakeholders. By contrast, the timeline for developing a measurement framework was shorter (November 25, 2002 – January 31, 2002), posing major challenges to involving key stakeholders as extensively as needed. The Board views this as reinforcement for one of the core principles of effectively measuring performance – working closely with stakeholders to develop a system that works well for everyone.

Specifically, the Board thanks staff from the following organizations for their interest and feedback in efforts to develop a performance measurement and reporting system for Minnesota's workforce development and job training programs:

- DCFL
- DES
- DOLI
- DTED
- GWDC
- Minnesota House of Representatives
- Minnesota Workforce Council Association

Recognizing that considerable additional review and comment are critical, the Board eagerly anticipates working closely with an expanded group of stakeholders during implementation.

#### **Background on the Minnesota Job Skills Partnership Board**

The Minnesota Job Skills Partnership Board funds specific projects that bring businesses with specific education needs together with educational institutions to design customized training programs. In each project, partnering businesses provide a private match, and educational institutions build expertise in their curriculum and support the needs of regional industry. Industry sectors represented by the latest grants include medical devices, financial services, and high-tech manufacturing.

Current Board members are:

**Elaine Bliss, Chair (2003)**

Acting Commissioner/Dept. of Trade and Economic Development

**G. Patrick Bonnie (2004)\***

Vice President, Intellectual Asset Management  
Seagate Technology LLC

**Robert Bruininks**

President, University of Minnesota

**Norbert Conzemius (2005)**

121 Wildwood Avenue

**Roger Hale (2005)**

333 Washington Ave. No., Suite 313

**Mary Jacquart**

(Proxy for Dr. James McCormick)  
System Director for Educational Grants Program, MnSCU

**C. David Jones (2004)**

Vice-President  
Personnel Decisions International

**Dr. James McCormick**

Chancellor/MN State Colleges & Universities (MnSCU)

Minnesota Job Skills Partnership Board:  
Performance Measurement and Reporting System Recommendations

---

**Tom Norman\***  
(Proxy for Robert Bruininks)  
College of Continuing Education, University of Minnesota

**Thomas Ruhoff (2003)**  
P.A.C.E. International

**Jim Seifert**  
Vice President & General Counsel  
Bemis Company, Inc.

**Charles L. Squires, Vice-Chair (2003)\***  
Robert Half International

**Richard Tvedten\***  
(Proxy for Dr. James McCormick)  
System Director for Customized Training/Continuing Career Education, MnSCU

\* MJSP Board members participated in the Committee that undertook the performance measurement project mandated by MS116L.04 and 05.

## **Appendix G: Minnesota Statute 116L.04 and .05**



## **MS 116L**

### **116L.04. Subd. 4. Performance standards and reporting.**

By January 15, 2002, the board must develop performance standards for workforce development and job training programs receiving state funding. The standards may vary across program types. The board may contract with a consultant to develop the performance standards. The board must consult with stakeholder advocacy groups, nonprofit service providers, and local workforce councils in the development of both performance standards and reporting requirements. The adult standards must at a minimum measure:

- the employability levels of individuals as defined by basic skill level, the amount of work experience, and barriers to employment prior to program entry;
- the individual's annual income and employability level for the 12 months prior to entering the program, the starting annual income upon placement after completing the program, employability level and annual income one year after completion of the program, and the individual's reported satisfaction;
- the program completion rate, placement rate, employability level upon placement, and one-year retention rate; and
- the governmental cost per placement and per job retained at one year and the percentage of program funding coming from the state and other levels of government.

After January 15, 2002, all workforce development programs receiving state funds must submit an annual performance report to the board. The board may develop a uniform format for the report and prescribe the manner in which the report is required to be submitted.

### **116L.05 Funding. Subd. 4. Legislative recommendations.**

By January 15 of each odd-numbered year, the board must submit recommendations to the house and senate committees with jurisdiction over workforce development programs, regarding modifications to, or elimination of, existing workforce development programs and the potential implementation of new programs. The recommendations must include recommendations regarding funding levels and sources.

## **Appendix H: Proposed Federal Measures**

OMB is currently leading an inter-agency group charged with developing common measures for workforce development and job training programs. While the project is not yet complete, the following measures have emerged from the group's efforts to date:

<b>Proposed OMB Common Measures for Job Training</b>	
Entered Employment	Percentage employed in the 1 <sup>st</sup> quarter after program exit
Retention	Percentage of those employed in the 1 <sup>st</sup> quarter after program exit that were still employed in the 2 <sup>nd</sup> and 3 <sup>rd</sup> quarter after program exit
Earnings Increase	Earnings in 1 <sup>st</sup> quarter after program exit less participant's earnings two quarters prior to registration as a percent of earnings 2 quarters prior to registration  Earnings 3 <sup>rd</sup> quarter after program exit less earnings 1 <sup>st</sup> quarter after program exit as a percent of earnings in 1 <sup>st</sup> quarter after program exit
Efficiency	Annual cost per participant defined by appropriation and number of participants

As above table indicates, there are similarities between the measures under development by the Federal Government and the Board's initial efforts. While the simplicity of the federal measures is very appealing, several critical aspects of performance are not addressed, including customer satisfaction, job quality, economic growth and retention. The proposed federal measures certainly do not begin to meet the legislative requirements described in MS 116L.04.

Once again, the Board looks forward to working with stakeholders to further develop and refine the measures put forward in this report as an initial starting point. The objectives for a final set of measures include identifying performance information that allows both relevant program comparisons and results that provide meaningful insight into the best opportunities for improvement.